

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="62"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2020"/> - * <input type="text" value="045"/> Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by The Nasdaq Stock Market LLC  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input checked="" type="checkbox"/>	Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/>
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**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \*  Last Name \*   
 Title \*   
 E-mail \*   
 Telephone \*  Fax

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date    
 By

(Name \*)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

**Form 19b-4 Information \***

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to update obsolete references to NASD rules in the Nasdaq rulebook (“Rulebook”) and make other related changes.

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange (the “Board”) on September 25, 2019. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

Angela Saccomandi Dunn  
Principal Associate General Counsel  
Nasdaq, Inc.  
(215) 496-5692

or

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

Alejandro Aguayo  
Senior Surveillance Analyst  
Nasdaq, Inc.  
301-978-8417

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

In 2008, the Financial Industry Regulatory Authority (FINRA) began a process to harmonize and streamline its rules by retiring, consolidating, and relocating NASD rules into the FINRA rulebook.<sup>3</sup> Consistent with those changes, the Exchange is proposing to replace outdated NASD references in its Rulebook, delete unnecessary or duplicative rule text, and consolidate certain Nasdaq rules.

Generally, where appropriate, the Exchange will replace the term “Association” and the “NASD” acronym with the acronym “FINRA.” Specifically, Nasdaq will provide cites to the updated FINRA rules and current internal references as provided in the relocated FINRA rules. Additionally, the Exchange proposes to update internal cross-references as necessary.

A. Global Changes

As previously indicated, Nasdaq proposes to replace the terms “Association” and/or “NASD” with the term “FINRA,” without making other accompanying changes to the rules (this will also include a few, necessary grammatical changes, such as removing where appropriate the word “the”). Accordingly, the Exchange will update Rules 2830; 3360; 11210; IM-11710; 11860; 11870; General 1; General 2, Section 5; General 2, Section 7; General 9, Section 21; General 9, Section 33; and Equity 7, Section 111. The

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<sup>3</sup> See Information Notice, March 28, 2008 (Rulebook Consolidation Process) at <https://www.finra.org/sites/default/files/NoticeDocument/p038121.pdf>

Exchange notes that it will not update references to NASD notices in its Rulebook. Specifically, the notices referenced in General 9, Section 20(e) (“NASD Notice to Members 97-19”) and Rule 4630(d) (“NASD Notice to Members 91-45”) will remain unchanged.

#### **B. Specific Rule Changes**

The Exchange proposes the following changes to capture the amendments and relocation of rules in the FINRA rulebook. Additionally, the cross-references updates are intended to keep the Nasdaq rules aligned with their corresponding FINRA rules:

##### **Nasdaq Rule 2830. Investment Company Securities**

The Exchange proposes to update the NASD Rule 2830 reference in this rule and replace it with a reference to FINRA Rule 2341 (“Investment Company Securities”).

FINRA Rule 2341 was adopted without any substantive changes to the NASD rule text.<sup>4</sup>

Moreover, to be consistent with cross-reference updates in current FINRA Rule 2341, the Exchange will update the cross-reference to NASD Rule 2820 with FINRA Rule 2320. Additionally, the Exchange will update Rule 2830(b)(3) by replacing the NASD Rule 2420 reference with FINRA Rule 2040 and update the Nasdaq rule text to track the text of FINRA Rule 2040(a). Finally, the Exchange will replace the NASD Rule 2230 reference with FINRA Rule 2232.

##### **Nasdaq Rule 3360. Short-Interest Reporting**

In 2008, FINRA Rule 4560 was adopted to include the short interest reporting requirements of the substantially similar NASD Rule 3360 and Incorporated NYSE Rules

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<sup>4</sup> See Securities Exchange Act Release No. 78130 (June 22, 2016), 81 FR 42016 (June 28, 2016) (SR-FINRA-2016-019).

421(1) and 421.10 with non-substantive changes to the NASD rule text.<sup>5</sup> In 2010, FINRA made further amendments to the rule that were intended to eliminate the definition of “OTC Equity Security” in FINRA Rule 4560 (Short-Interest Reporting) and to clarify that the rule applied to all equity securities except restricted equity securities.<sup>6</sup>

The Exchange proposes to update Nasdaq Rule 3360(a) by replacing the NASD Rule 3360 reference with FINRA Rule 4560 (“Short-Interest Reporting”). The Exchange will not update Rule 3360 to include the reference to “Restricted Equity Securities” found in FINRA Rule 4560 since, following the termination of the PORTAL Market,<sup>7</sup> such securities are no longer listed or traded in the Exchange; relatedly, the Exchange will omit the reference to FINRA Rule 6420 since a cross-reference to the definition of Restricted Equity Securities is not required. Further, the Exchange will add the word “all” before the word “securities” but, unlike the FINRA rule, will not insert the word “equities” because the Exchange also lists options securities. Finally, the Exchange will remove the sentence concerning the reporting obligations to reflect changes also made in the FINRA rule.<sup>8</sup>

The Exchange also proposes to amend current Rule 3360(b) and (c) and adopt the text of current FINRA Rule 4560(b) and (c).

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<sup>5</sup> See Securities Exchange Act Release No. 58461 (September 4, 2008), 73 FR 52710 (September 10, 2008) (SR-FINRA-2008-033).

<sup>6</sup> See Securities Exchange Act Release No. 61979 (April 23, 2010), 75 FR 23316 (May 3, 2010) (SR-FINRA-2010-003).

<sup>7</sup> See Securities Exchange Act Release No. 58638 (September 24, 2008), 73 FR 57188 (October 1, 2008) (SR-NASDAQ-2008-076).

<sup>8</sup> See Securities Exchange Act Release No. 66872 (April 27, 2012), 77 FR 26340 (May 3, 2012) (SR-FINRA-2012-001).

**Nasdaq Rule 4200. Definitions**

The Exchange proposes to update the NASD Rule 2710(b)(11) reference in this rule and replace it with a reference to FINRA Rule 5190 (“Notification Requirements for Offering Participants”). In 2008, NASD Rules 2710(b)(10) and (11) were relocated into FINRA Rule 5190 to consolidate and streamline all Regulation M-related notice requirements.<sup>9</sup>

The Exchange also proposes to replace in Rule 4200(a)(2) and (b) the cross-reference to Nasdaq Rule 4623 (“Alternative Trading Systems”) with Nasdaq Rule 4624. Consistent with FINRA Rule 5190(e), a Nasdaq member’s notification obligation, as described in Nasdaq Rule 4200 is detailed under Nasdaq Rule 4624 (“Penalty Bids and Syndicate Covering Transactions”).

**Nasdaq Rule 6110. Definitions**

The Exchange proposes to update the NASD Rule 6120 reference in Nasdaq Rule 6110(g) and replace it with a reference to FINRA Rule 7220A (“Trade Reporting Participation Requirements”). In 2008, the NASD Rule 6100 Series was relocated and amended to form the FINRA Rule 7200A Series, applicable to the FINRA/Nasdaq Trade Reporting Facility, and the Rule 7300 Series, applicable to FINRA’s Over the Counter Reporting Facility.<sup>10</sup> The Exchange proposes also to conform its Rule 6110(g) by removing the reference to UTP Exchanges which are not listed under FINRA Rule 7220A.

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<sup>9</sup> See Securities Exchange Act Release No. 58514 (September 11, 2008), 73 FR 54190 (September 18, 2008) (SR-FINRA-2008-039).

<sup>10</sup> See Securities Exchange Act Release No. 58643 (September 25, 2008), 73 FR 57174 (October 1, 2008) (SR-FINRA-2008-021).

**Nasdaq General 2, Section 15. Business Continuity Plans**

The Exchange proposes to update the NASD Rule 3510 reference in this rule and replace it with a reference to FINRA Rule 4370 (“Business Continuity Plans and Emergency Contact Information”). FINRA Rule 4370 was adopted to include NASD Rules 3510 (“Business Continuity Plans”) and NASD Rule 3520 (“Emergency Contact Information”) without substantive changes to the rule text.<sup>11</sup>

Additionally, the Exchange proposes to include a new paragraph (b) that will indicate that references in FINRA Rule 4370 to Rule 4517 shall be construed as references to Nasdaq General 2, Section 16.

**Nasdaq General 9, Section 1(c). Front Running Policy**

The Exchange proposes to update the NASD IM-2110-3 reference in the Nasdaq rule and replace it with a reference to current FINRA Rule 5270. The NASD interpretive material was relocated to FINRA Rule 5270 to broaden its scope and provide clarity into an activity that is inconsistent with just and equitable principles of trade.<sup>12</sup>

**Nasdaq General 9, Section 1(f). Confirmation of Callable Common Stock**

The Exchange proposes to update the NASD IM-2110-6 reference in the Nasdaq rule and replace it with a reference to current FINRA Rule 2232. In 2009, the requirements of the NASD interpretive material were transferred to their current location in the FINRA rulebook.<sup>13</sup> FINRA Rule 2232 expanded the coverage of the relocated

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<sup>11</sup> See Securities Exchange Act Release No. 60534 (August 19, 2009), 74 FR 44410 (August 28, 2009) (SR-FINRA-2009-036).

<sup>12</sup> Securities Exchange Act Release No. 67774 (September 4, 2012), 77 FR 55519 (September 10, 2012) (SR-FINRA-2012-025).

<sup>13</sup> Securities Exchange Act Release No. 63150 (October 21, 2010), 75 FR 66173 (October 27, 2010) (SR-FINRA-2009-058).



interpretive material's requirements, clarifying that the requirement to disclose that the security is callable (and that further information is available from the member) applies to any equity security.

**Nasdaq General 9, Section 3. Communications with the Public and Section 4. Institutional Sales Material and Correspondence**

In 2012, FINRA adopted Rule 2210 ("Communications with the Public") to encompass, among other provisions, NASD Rules 2210 and 2211, and NASD Interpretive Materials 2210-1 and 2210-4.<sup>14</sup> The Exchange proposes to consolidate the text of General 9, Sections 3 and 4 into current Section 3 and reserve current Section 4, as explained below.

Current Nasdaq General 9, Section 3(a) incorporates by reference FINRA Rule 2210 ("Communications with the Public"). Moreover, Section 3(a) provides that references to FINRA Rule 2211 shall be understood as references to Nasdaq Rule 2211. The Exchange proposes to delete from Section 3(a) the reference concerning Rule 2211.

The retired NASD Rule 2210 incorporated the definitions of "Correspondence" and "Institutional Sales Material" from NASD Rule 2211. When FINRA adopted Rule 2210, both definitions were merged into the current rule and the references to Rule 2211 were removed. It follows, that the Exchange removes the reference Rule 2211 as such is no longer necessary.

The Exchange also proposes to delete Section 3(b) and re-letter current Section 3(c) as (b). Current Section 3(b) incorporates by reference NASD IM-2210-1 which, as explained, was merged into FINRA Rule 2210. Updating current Section 3(b) to

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<sup>14</sup> See Securities Exchange Act Release No. 66681 (March 29, 2012), 77 FR 20452 (April 4, 2012) (SR-FINRA-2011-035).

incorporate FINRA Rule 2210 will make the section redundant. Therefore, Section 3(b) will be deleted as it is no longer necessary.

The Exchange proposes to delete General 9, Section 4(a) because Section 3(a) already incorporates by reference FINRA Rule 2210. Furthermore, the Exchange believes that the exception in current Section 4(a) concerning NASD Rule 2211(d)(3) does not need to be added to Nasdaq General 9, Section 3(a), because that provision is no longer referenced in FINRA Rule 2210.

The Exchange also proposes to adopt current Section 4(b)(1) as Section 3(c), with a minor change. New Section 3(c) will provide that references to FINRA “membership” will be construed as references to membership with the Exchange.

Finally, the Exchange proposes to adopt part of the text in current Section 4(b)(2) as Section 3(d). New Section 3(d) will omit references to FINRA Rule 2210 (as such incorporation is already provided in Section 3(a)) and will state that references to FINRA Rules 4512<sup>15</sup> and 3110<sup>16</sup> shall be read, respectively, as references to Nasdaq General 9, Section 45 and Section 20.

#### **Nasdaq General 9, Section 9. Fairness Opinions**

The Exchange proposes to update the NASD Rule 2290 reference in this rule and replace it with a reference to FINRA Rule 5150 (“Fairness Opinions”). The

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<sup>15</sup> See Securities Exchange Act Release No. 63784 (January 27, 2011), 76 FR 5850 (February 2, 2011) (SR-FINRA-2010-052).

<sup>16</sup> See Securities Exchange Act Release No. 71179 (December 23, 2013), 79 FR 79542 (December 30, 2013) (SR-FINRA-2013-025).

aforementioned NASD rule was relocated to FINRA Rule 5150 with no changes to the rule text.<sup>17</sup>

**Nasdaq General 9, Section 11. Best Execution and Interpositioning**

The Exchange proposes to update the NASD Rule 2440 and IM-2440 references in this rule and replace them with a reference to FINRA Rule 2121 and its supplementary material (“Fair Prices and Commissions”). FINRA Rule 2121 was adopted without any substantive changes to the NASD rule text.<sup>18</sup>

**Nasdaq General 9, Section 12. Customer Account Statements**

The Exchange proposes to update the NASD Rule 2340 reference in this rule and replace it with a reference to FINRA Rule 2231 (“Customer Account Statements”).

FINRA Rule 2231 was adopted without any substantive changes to the NASD rule text.<sup>19</sup>

Moreover, the Exchange will update the references to NASD Rules 2810 and 3110 as shown in Section 12(b). Specifically, the Exchange will replace the reference to NASD Rule 2810 with FINRA Rule 2310 (“Direct Participation Programs”)<sup>20</sup> and NASD Rule 3110 with FINRA Rule 4512 (“Customer Account Information”). The Exchange

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<sup>17</sup> See Securities Exchange Act Release No. 58643 (September 25, 2008), 73 FR 57174 (October 1, 2008) (SR-FINRA-2008-028).

<sup>18</sup> See Securities Exchange Act Release No. 72208 (May 21, 2014), 79 FR 30675 (May 28, 2014) (SR-FINRA-2014-023).

<sup>19</sup> See Securities Exchange Act Release No. 85589 (April 10, 2019), 84 FR 15646 (April 16, 2019) (SR-FINRA-2019-009).

<sup>20</sup> See Securities Exchange Act Release No. 59987 (May 27, 2009), 74 FR 26902 (June 4, 2009) (SR-FINRA-2009-016).

also proposes to add back to Section 12(b) Nasdaq Rule 2310A<sup>21</sup> that is equivalent to current FINRA Rule 2310. This cross-reference was inadvertently removed from the rulebook by a recent relocation filing.<sup>22</sup> Finally, the Exchange proposes to replace the reference of General 9, Section 30 with Section 45, because it corresponds to FINRA Rule 4512.

Additionally, the Exchange proposes to amend Section 12(c) by replacing the reference to General 5, Section 2 with a reference to the Nasdaq Rule 9600 Series. The Exchange needs to make this correction because there is no Section 2 under the General 5 title.

#### **Nasdaq General 9, Section 13. Margin Disclosure Statement**

The Exchange proposes to update the NASD Rule 2341 reference in this rule and replace it with a reference to FINRA Rule 2264 (“Margin Disclosure Statement”). FINRA Rule 2264 was adopted with only minor changes to the text of NASD Rule 2341, and those changes were intended to clarify the submission of disclosure statements.<sup>23</sup>

The Exchange also proposes to amend Section 13(b) by updating the reference to NASD Rule 3110 with FINRA Rule 4512<sup>24</sup> and the reference to General 9, Section 30 with Section 45, because it corresponds to FINRA Rule 4512.

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<sup>21</sup> See Securities Exchange Act Release Nos. 61321 (January 8, 2010), 75 FR 3776 (January 22, 2010) (SR-NASDAQ-2010-002) and 61681 (March 10, 2010), 75 FR 12591 (March 16, 2010) (SR-NASDAQ-2010-033).

<sup>22</sup> See Securities Exchange Act Release No. 87778 (December 17, 2019), 84 FR 70590 (December 23, 2019) (SR-NASDAQ-2019-098).

<sup>23</sup> See Securities Exchange Act Release No. 60697 (September 21, 2009), 74 FR 49051 (September 25, 2009) (SR-FINRA-2009-052).

<sup>24</sup> See supra note 15.

**Nasdaq General 9, Section 16. Charges for Services Performed**

The Exchange proposes to update the NASD Rule 2430 reference in this rule and replace it with a reference to FINRA Rule 2122 (“Charges for Services Performed”).

FINRA Rule 2122 was adopted without any substantive changes to the NASD rule text.<sup>25</sup>

**Nasdaq General 9, Section 17. Net Transactions with Customers**

The Exchange proposes to update the NASD Rule 2441 reference in this rule and replace it with a reference to FINRA Rule 2124 (“Net Transactions with Customers”).

FINRA Rule 2124 was adopted without any substantive changes to the NASD rule text.<sup>26</sup>

The Exchange also proposes to adopt a cross-reference to FINRA Rule 4511, which has a corresponding Exchange rule under General 9, Section 30. Moreover, the Exchange proposes to add a cross-reference to FINRA Rule 4512 and a reference to the corresponding Exchange rule under General 9, Section 45.

**Nasdaq General 9, Section 19. Discretionary Accounts**

The Exchange proposes to update the NASD Rule 2510 reference in this rule and replace it with a reference to FINRA Rule 3260 (“Discretionary Accounts”). FINRA Rule 3260 was adopted without any substantive changes to the NASD rule text.<sup>27</sup>

Moreover, the Exchange will update the cross-references to NASD rules with their respective equivalent FINRA rules. Specifically, the Exchange will replace the NASD Rule 3010 reference with FINRA Rule 3110. Additionally, the Exchange will

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<sup>25</sup> See Securities Exchange Act Release No. 73714 (December 2, 2014), 79 FR 72743 (December 8, 2014) (SR-FINRA-2014-049).

<sup>26</sup> See supra note 11.

<sup>27</sup> See supra note 19.

replace the NASD Rule 3110 reference with FINRA Rule 4512.<sup>28</sup> Finally, the Exchange proposes to replace the reference to General 9, Section 30 with Section 45, because it corresponds to FINRA Rule 4512.

**Nasdaq General 9, Section 21. Supervisory Control System and Section 22. Annual Certification of Compliance and Supervisory Processes**

The Exchange proposes to consolidate Sections 21 and 22 into one rule, Section 21 (“Supervisory Control System, Annual Certification of Compliance and Supervisory Processes”), as explained below. First, the Exchange proposes to update the NASD Rule 3012 reference in this rule and replace it with a reference to FINRA Rule 3120 (“Supervisory Control System”). FINRA Rule 3120 retained the former NASD rule’s testing and verification requirements for the member’s supervisory procedures and provided requirements for members reporting \$200 million or more in gross revenue.<sup>29</sup> The Exchange will also update the reference to Nasdaq Rule 3012, which was relocated to the Nasdaq shell as Nasdaq General 9, Section 21.<sup>30</sup>

Second, the Exchange will update the NASD Rule 3013 reference in Section 21(c) (“Annual Certification of Compliance and Supervisory Processes”) and replace it with a reference to FINRA Rule 3130 (“Annual Certification of Compliance and Supervisory Processes”). FINRA Rule 3130 was adopted to streamline and combine the requirements of NASD Rule 3013 and IM-3013.<sup>31</sup>

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<sup>28</sup> See supra note 15.

<sup>29</sup> See supra note 16.

<sup>30</sup> See supra note 22.

<sup>31</sup> See Securities Exchange Act Release No. 58661 (September 26, 2008), 73 FR 57395 (October 2, 2008) (SR-FINRA-2008-030).

Third, the Exchange will re-letter the next paragraph, currently lettered as “(b)” (“For purposes of this Rule...”), as “(d)”. In re-lettered Section (d)(2), as previously explained, the Exchange will update the reference to NASD Rule 3013 with FINRA Rule 3130, which shall be read as a reference to Exchange’s corresponding rule under General 9, Section 21. Similarly, the Exchange proposes to update the cross-reference to NASD Rule 2110 with FINRA Rule 2010. In 2008, NASD Rule 2110 was renumbered as FINRA Rule 2010 with no changes to the rule text.<sup>32</sup> Additionally, the Exchange will change the General 9, Section 3 reference with Section 1(a), because it corresponds to FINRA Rule 2010.

Finally, the Exchange will delete and reserve Current General 9, Section 22, since its sub-sections are duplicative of sub-sections in Section 21.

**Nasdaq General 9, Section 23. Outside Business Activities of an Associated Person**

The Exchange proposes to update the NASD Rule 3030 reference in this rule and replace it with a reference to FINRA Rule 3270 (“Outside Business Activities of Registered Persons”). FINRA Rule 3270 was adopted to harmonize and simplify the events that constitute an outside business activity, expanding upon the obligations imposed in NASD Rule 3030, by prohibiting any registered person from doing business with another person as a result of any business activity outside the scope of the relationship with his or her member firm, unless prior written notice was provided to the member.<sup>33</sup>

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<sup>32</sup> See supra note 17.

<sup>33</sup> See Securities Exchange Act Release No. 62762 (August 23, 2010), 75 FR 53362 (August 31, 2010) (SR-FINRA-2009-042).

Moreover, the Exchange will update the cross-reference to NASD Rule 3040 with FINRA Rule 3280.<sup>34</sup> The Exchange proposes also to update the reference to General 9, Section 23 with Section 24 (“Private Securities Transactions of an Associated Person”), because it corresponds to FINRA Rule 3280.

**Nasdaq General 9, Section 24. Private Securities Transactions of an Associated Person**

The Exchange proposes to update the NASD Rule 3040 reference in this rule and replace it with a reference to FINRA Rule 3280 (“Private Securities Transactions of an Associated Person”). FINRA Rule 3280 was adopted without any substantive changes to the NASD rule text.<sup>35</sup>

The Exchange will also update the cross-reference to NASD Rule 3050 with FINRA Rule 3210.<sup>36</sup> The Exchange proposes also to update the reference to General 9, Section 24 with Section 25 (“Transactions for or by Associated Persons”), because it incorporates FINRA Rule 3210.

Furthermore, the Exchange proposes to correct a typo in the quoted text of Nasdaq General 9, Section 24(b)(2). Specifically, the Exchange will substitute the word “immediately” with “immediate.”

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<sup>34</sup> See Securities Exchange Act Release No. 75757 (August 25, 2015), 80 FR 52530 (August 31, 2015) (SR-FINRA-2015-030).

<sup>35</sup> Id. See also Securities Exchange Act Release No. 80105 (February 24, 2017), 82 FR 12387 (March 2, 2017) (SR-FINRA-2017-004).

<sup>36</sup> See Securities Exchange Act Release No. 77550 (April 7, 2016), 81 FR 21924 (April 13, 2016) (SR-FINRA-2015-029).



Finally, the Exchange will replace a reference to NASD Rule 2790 with FINRA Rule 5130.<sup>37</sup> The definition of “immediate family member,” cross-referenced in General 9, Section 24(b)(2), is currently located under FINRA Rule 5130(i)(5).

**Nasdaq General 9, Section 25. Transactions for or by Associated Persons**

The Exchange proposes to update the NASD Rule 3050 reference in this rule and replace it with a reference to FINRA Rule 3210 (“Accounts At Other Broker-Dealers and Financial Institutions”). FINRA Rule 3210 was adopted to consolidate NASD Rule 3050, Incorporated NYSE Rules 407 and 407A, and Incorporated NYSE Rule Interpretations 407/01 and 407/02. The rule was designed to streamline the provisions of the NASD and incorporated NYSE rules and to help facilitate effective oversight of the specified trading activities of associated persons of member firms.<sup>38</sup>

**Nasdaq General 9, Section 31. Use of Information Obtained in Fiduciary Capacity**

The Exchange proposes to update the NASD Rule 3120 reference in this rule and replace it with a reference to FINRA Rule 2060 (“Use of Information Obtained in Fiduciary Capacity”). FINRA Rule 2060 was adopted without any changes to the NASD rule text.<sup>39</sup>

**Nasdaq General 9, Section 33. Reporting Requirements for Clearing Firms**

The Exchange proposes to update the NASD Rule 3150 reference in this rule and replace it with a reference to FINRA Rule 4540 (“Reporting Requirements for Clearing

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<sup>37</sup> See Securities Exchange Act Release No. 58421 (August 25, 2008), 73 FR 51032 (August 29, 2008) (SR-FINRA-2008-025).

<sup>38</sup> See supra note 36.

<sup>39</sup> See Securities Exchange Act Release No. 61071 (November 30, 2009), 74 FR 64109 (December 7, 2009) (SR-FINRA-2009-067).

Firms”). FINRA Rule 4540 was adopted without any substantive changes to the NASD rule text.<sup>40</sup>

Furthermore, the Exchange proposes to amend Section 33(c)(1) by replacing the reference to General 5, Section 2 with a reference to the Nasdaq Rule 9600 Series. The Exchange needs to make this correction because there is no Section 2 under the General 5 title.

Finally, the Exchange proposes to update the reference to Nasdaq Rule 3150, which was relocated to the Nasdaq shell as Nasdaq General 9, Section 33.<sup>41</sup>

**Nasdaq General 9, Section 34. Extensions of Time Under Regulation T and SEC Rule 15c3-3**

The Exchange proposes to update the NASD Rule 3160 reference in this rule and replace it with a reference to FINRA Rule 4230 (“Required Submissions for Requests for Extensions of Time Under Regulation T and SEA Rule 15c3-3”). FINRA Rule 4230 was adopted largely based on the text of NASD Rule 3160, with a clarification to the original rule text regarding the reporting obligations of clearing members.<sup>42</sup>

The Exchange will also update the reference to Nasdaq Rule 3160, which was relocated to the Nasdaq shell as Nasdaq General 9, Section 34.<sup>43</sup>

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<sup>40</sup> See supra note 19.

<sup>41</sup> See supra note 22.

<sup>42</sup> See Securities Exchange Act Release No. 62482 (July 12, 2010), 75 FR 41562 (July 16, 2010) (SR-FINRA-2010-024).

<sup>43</sup> See supra note 22.

**Nasdaq General 9, Section 38. Margin Requirements**

The Exchange proposes to update the NASD Rule 2520 reference in this rule and replace it with a reference to FINRA Rule 4210 (“Margin Requirements”). In 2010, NASD Rules 2520, 2521, 2522, and IM-2522 were combined and consolidated into a single rule intended to improve the organization of margin rules and improve their readability.<sup>44</sup>

The Exchange proposes also to amend Section 38(d) by replacing the reference to General 5, Section 2 with a reference to the Nasdaq Rule 9600 Series. The Exchange needs to make this correction because there is no Section 2 under the General 5 title.

**Nasdaq General 9, Section 45. Customer Account Information**

The Exchange proposes to update the NASD Rule 2510 reference in this rule and replace it with FINRA Rule 3260 (“Discretionary Accounts”). FINRA Rule 3260 was adopted without any changes to the original NASD rule text.<sup>45</sup>

The Exchange also proposes to delete from the rule the text that reads “(or any successor FINRA rule)” since the NASD rule is now relocated to FINRA Rule 3260. Finally, the Exchange will replace the General 9, Section 18 reference with Section 19 (“Discretionary Accounts”), because it corresponds to FINRA Rule 3260.

Moreover, the Exchange will update General 9, Section 45(b)(2) to provide that General 9, Section 29 is equivalent to FINRA Rule 2070. Finally, the Exchange proposes

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<sup>44</sup> See supra note 42.

<sup>45</sup> See supra note 19.

a minor correction in the rule by deleting the text that reads “and 28” that was inadvertently introduced during a recent rule relocation.<sup>46</sup>

**Nasdaq General 9, Section 47. Approval and Documentation of Changes in Account Name or Designation**

The Exchange proposes to update the NASD Rule 2510 reference in this rule and replace it with FINRA Rule 3260 (“Discretionary Accounts”). FINRA Rule 3260 was adopted without any changes to the original NASD rule text.<sup>47</sup> The Exchange also proposes to delete from the rule the text that reads “(or any successor FINRA rule)” since the NASD rule is now relocated to FINRA Rule 3260. Finally, the Exchange will replace the Exchange General 9, Section 18 reference with Section 19, because it corresponds to FINRA Rule 3260.

**Nasdaq General 9, Section 49. Payments Involving Publications that Influence the Market Price of a Security**

The Exchange proposes to update the NASD Rule 2711 reference in this rule and replace it with a reference to FINRA Rule 2241 (“Research Analysts and Research Reports”). Specifically, the research report’s definition referenced in General 9, Section 49(b)(3) was relocated to current FINRA Rule 2241(a)(11). That definition was amended to exclude communications concerning open-end registered investment companies not listed or traded on an exchange.<sup>48</sup>

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<sup>46</sup> See supra note 22.

<sup>47</sup> See supra note 19

<sup>48</sup> See Securities Exchange Act Release No. 75471 (July 16, 2015), 80 FR 43482 (July 22, 2015) (SR-FINRA-2014-047).

The Exchange also proposes to delete the paragraph at the end of the rule concerning the consolidation of FINRA rules, since FINRA has completed the relocation of its rules.

**Nasdaq Equity 7, Section 111. Nasdaq SIP: Nasdaq Level 1 Service**

The Exchange proposes to update the cross-reference to the FINRA 6600 Rule Series with a reference to FINRA 6400 Rules Series (“Quoting and Trading in OTC Equity Securities”).<sup>49</sup>

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>50</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>51</sup> in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest by bringing greater transparency to its rules by updating the references to the FINRA rules previously described. The Exchange’s proposal is consistent with the Act and will protect investors and the public interest by harmonizing its rules and clarifying outdated references so that Exchange members and the general public can readily locate FINRA rules that are incorporated by reference into the Rulebook.

The Exchange is not substantively amending its rules, except for the changes previously described to its Rule 3360 (the amendments to Rule 3360 are designed to harmonize the Exchange rule with the text in current FINRA Rule 4560). The reference

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<sup>49</sup> See supra note 10.

<sup>50</sup> 15 U.S.C. 78f(b).

<sup>51</sup> 15 U.S.C. 78f(b)(5).

and cross-reference updates, re-lettering, deleting unnecessary or duplicative text, consolidating certain Nasdaq rules, and other minor technical changes will bring greater transparency to Nasdaq's Rule structure. The Exchange believes its proposal will benefit investors and the general public by increasing the transparency of its Rulebook.

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed amendments do not impose an undue burden on competition because the amendments to update the references and cross-references in its Rulebook are non-substantive, except for the changes previously described to its Rule 3360 (the amendments to Rule 3360 are designed to harmonize the Exchange rule with the text in current FINRA Rule 4560). . This rule change is intended to bring greater clarity to the Exchange's rules. The reference and cross-reference updates, re-lettering, deleting unnecessary or duplicative text, consolidating certain Nasdaq rules, and other minor technical changes will bring greater transparency to Nasdaq's Rulebook.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change has become effective pursuant to Section

19(b)(3)(A)(iii)<sup>52</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>53</sup> in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that this proposal does not significantly affect the protection of investors or the public interest because the rule changes are intended to update the Rulebook's references to FINRA rules and related internal cross-references. The proposed rule changes do not impose any significant burden on competition because the rule changes are non-substantive in nature, except for the changes previously described to its Rule 3360 (the amendments to Rule 3360 are designed to harmonize the Exchange rule with the text in current FINRA Rule 4560), and are intended to bring clarity to Nasdaq's rules. The reference and cross-reference updates, re-lettering, deleting unnecessary or duplicative text, consolidating certain Nasdaq rules, and other minor technical changes will bring greater transparency to the Nasdaq Rulebook.

Furthermore, Rule 19b-4(f)(6)(iii)<sup>54</sup> requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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<sup>52</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>53</sup> 17 CFR 240.19b-4(f)(6).

<sup>54</sup> 17 CFR 240.19b-4(f)(6)(iii).

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the operative delay to permit the Exchange to immediately update its outdated rules.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.
5. Text of the proposed rule change.



**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-NASDAQ-2020-045)

July \_\_, 2020

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Update Obsolete References To NASD Rules In The Nasdaq Rulebook

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 21, 2020, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to update obsolete references to NASD rules in the Nasdaq rulebook (“Rulebook”) and make other related changes.

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

In 2008, the Financial Industry Regulatory Authority (FINRA) began a process to harmonize and streamline its rules by retiring, consolidating, and relocating NASD rules into the FINRA rulebook.<sup>3</sup> Consistent with those changes, the Exchange is proposing to replace outdated NASD references in its Rulebook, delete unnecessary or duplicative rule text, and consolidate certain Nasdaq rules.

Generally, where appropriate, the Exchange will replace the term “Association” and the “NASD” acronym with the acronym “FINRA.” Specifically, Nasdaq will provide cites to the updated FINRA rules and current internal references as provided in the relocated FINRA rules. Additionally, the Exchange proposes to update internal cross-references as necessary.

A. **Global Changes**

As previously indicated, Nasdaq proposes to replace the terms “Association” and/or “NASD” with the term “FINRA,” without making other accompanying changes to

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<sup>3</sup> See Information Notice, March 28, 2008 (Rulebook Consolidation Process) at <https://www.finra.org/sites/default/files/NoticeDocument/p038121.pdf>

the rules (this will also include a few, necessary grammatical changes, such as removing where appropriate the word “the”). Accordingly, the Exchange will update Rules 2830; 3360; 11210; IM-11710; 11860; 11870; General 1; General 2, Section 5; General 2, Section 7; General 9, Section 21; General 9, Section 33; and Equity 7, Section 111. The Exchange notes that it will not update references to NASD notices in its Rulebook. Specifically, the notices referenced in General 9, Section 20(e) (“NASD Notice to Members 97-19”) and Rule 4630(d) (“NASD Notice to Members 91-45”) will remain unchanged.

#### **B. Specific Rule Changes**

The Exchange proposes the following changes to capture the amendments and relocation of rules in the FINRA rulebook. Additionally, the cross-references updates are intended to keep the Nasdaq rules aligned with their corresponding FINRA rules:

##### **Nasdaq Rule 2830. Investment Company Securities**

The Exchange proposes to update the NASD Rule 2830 reference in this rule and replace it with a reference to FINRA Rule 2341 (“Investment Company Securities”). FINRA Rule 2341 was adopted without any substantive changes to the NASD rule text.<sup>4</sup>

Moreover, to be consistent with cross-reference updates in current FINRA Rule 2341, the Exchange will update the cross-reference to NASD Rule 2820 with FINRA Rule 2320. Additionally, the Exchange will update Rule 2830(b)(3) by replacing the NASD Rule 2420 reference with FINRA Rule 2040 and update the Nasdaq rule text to track the text of FINRA Rule 2040(a). Finally, the Exchange will replace the NASD Rule 2230 reference with FINRA Rule 2232.

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<sup>4</sup> See Securities Exchange Act Release No. 78130 (June 22, 2016), 81 FR 42016 (June 28, 2016) (SR-FINRA-2016-019).

**Nasdaq Rule 3360. Short-Interest Reporting**

In 2008, FINRA Rule 4560 was adopted to include the short interest reporting requirements of the substantially similar NASD Rule 3360 and Incorporated NYSE Rules 421(1) and 421.10 with non-substantive changes to the NASD rule text.<sup>5</sup> In 2010, FINRA made further amendments to the rule that were intended to eliminate the definition of “OTC Equity Security” in FINRA Rule 4560 (Short-Interest Reporting) and to clarify that the rule applied to all equity securities except restricted equity securities.<sup>6</sup>

The Exchange proposes to update Nasdaq Rule 3360(a) by replacing the NASD Rule 3360 reference with FINRA Rule 4560 (“Short-Interest Reporting”). The Exchange will not update Rule 3360 to include the reference to “Restricted Equity Securities” found in FINRA Rule 4560 since, following the termination of the PORTAL Market,<sup>7</sup> such securities are no longer listed or traded in the Exchange; relatedly, the Exchange will omit the reference to FINRA Rule 6420 since a cross-reference to the definition of Restricted Equity Securities is not required. Further, the Exchange will add the word “all” before the word “securities” but, unlike the FINRA rule, will not insert the word “equities” because the Exchange also lists options securities. Finally, the Exchange will

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<sup>5</sup> See Securities Exchange Act Release No. 58461 (September 4, 2008), 73 FR 52710 (September 10, 2008) (SR-FINRA-2008-033).

<sup>6</sup> See Securities Exchange Act Release No. 61979 (April 23, 2010), 75 FR 23316 (May 3, 2010) (SR-FINRA-2010-003).

<sup>7</sup> See Securities Exchange Act Release No. 58638 (September 24, 2008), 73 FR 57188 (October 1, 2008) (SR-NASDAQ-2008-076).

remove the sentence concerning the reporting obligations to reflect changes also made in the FINRA rule.<sup>8</sup>

The Exchange also proposes to amend current Rule 3360(b) and (c) and adopt the text of current FINRA Rule 4560(b) and (c).

#### **Nasdaq Rule 4200. Definitions**

The Exchange proposes to update the NASD Rule 2710(b)(11) reference in this rule and replace it with a reference to FINRA Rule 5190 (“Notification Requirements for Offering Participants”). In 2008, NASD Rules 2710(b)(10) and (11) were relocated into FINRA Rule 5190 to consolidate and streamline all Regulation M-related notice requirements.<sup>9</sup>

The Exchange also proposes to replace in Rule 4200(a)(2) and (b) the cross-reference to Nasdaq Rule 4623 (“Alternative Trading Systems”) with Nasdaq Rule 4624. Consistent with FINRA Rule 5190(e), a Nasdaq member’s notification obligation, as described in Nasdaq Rule 4200 is detailed under Nasdaq Rule 4624 (“Penalty Bids and Syndicate Covering Transactions”).

#### **Nasdaq Rule 6110. Definitions**

The Exchange proposes to update the NASD Rule 6120 reference in Nasdaq Rule 6110(g) and replace it with a reference to FINRA Rule 7220A (“Trade Reporting Participation Requirements”). In 2008, the NASD Rule 6100 Series was relocated and amended to form the FINRA Rule 7200A Series, applicable to the FINRA/Nasdaq Trade

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<sup>8</sup> See Securities Exchange Act Release No. 66872 (April 27, 2012), 77 FR 26340 (May 3, 2012) (SR-FINRA-2012-001).

<sup>9</sup> See Securities Exchange Act Release No. 58514 (September 11, 2008), 73 FR 54190 (September 18, 2008) (SR-FINRA-2008-039).

Reporting Facility, and the Rule 7300 Series, applicable to FINRA’s Over the Counter Reporting Facility.<sup>10</sup> The Exchange proposes also to conform its Rule 6110(g) by removing the reference to UTP Exchanges which are not listed under FINRA Rule 7220A.

**Nasdaq General 2, Section 15. Business Continuity Plans**

The Exchange proposes to update the NASD Rule 3510 reference in this rule and replace it with a reference to FINRA Rule 4370 (“Business Continuity Plans and Emergency Contact Information”). FINRA Rule 4370 was adopted to include NASD Rules 3510 (“Business Continuity Plans”) and NASD Rule 3520 (“Emergency Contact Information”) without substantive changes to the rule text.<sup>11</sup>

Additionally, the Exchange proposes to include a new paragraph (b) that will indicate that references in FINRA Rule 4370 to Rule 4517 shall be construed as references to Nasdaq General 2, Section 16.

**Nasdaq General 9, Section 1(c). Front Running Policy**

The Exchange proposes to update the NASD IM-2110-3 reference in the Nasdaq rule and replace it with a reference to current FINRA Rule 5270. The NASD interpretive material was relocated to FINRA Rule 5270 to broaden its scope and provide clarity into an activity that is inconsistent with just and equitable principles of trade.<sup>12</sup>

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<sup>10</sup> See Securities Exchange Act Release No. 58643 (September 25, 2008), 73 FR 57174 (October 1, 2008) (SR-FINRA-2008-021).

<sup>11</sup> See Securities Exchange Act Release No. 60534 (August 19, 2009), 74 FR 44410 (August 28, 2009) (SR-FINRA-2009-036).

<sup>12</sup> Securities Exchange Act Release No. 67774 (September 4, 2012), 77 FR 55519 (September 10, 2012) (SR-FINRA-2012-025).

**Nasdaq General 9, Section 1(f). Confirmation of Callable Common Stock**

The Exchange proposes to update the NASD IM-2110-6 reference in the Nasdaq rule and replace it with a reference to current FINRA Rule 2232. In 2009, the requirements of the NASD interpretive material were transferred to their current location in the FINRA rulebook.<sup>13</sup> FINRA Rule 2232 expanded the coverage of the relocated interpretive material's requirements, clarifying that the requirement to disclose that the security is callable (and that further information is available from the member) applies to any equity security.

**Nasdaq General 9, Section 3. Communications with the Public and Section 4. Institutional Sales Material and Correspondence**

In 2012, FINRA adopted Rule 2210 ("Communications with the Public") to encompass, among other provisions, NASD Rules 2210 and 2211, and NASD Interpretive Materials 2210-1 and 2210-4.<sup>14</sup> The Exchange proposes to consolidate the text of General 9, Sections 3 and 4 into current Section 3 and reserve current Section 4, as explained below.

Current Nasdaq General 9, Section 3(a) incorporates by reference FINRA Rule 2210 ("Communications with the Public"). Moreover, Section 3(a) provides that references to FINRA Rule 2211 shall be understood as references to Nasdaq Rule 2211. The Exchange proposes to delete from Section 3(a) the reference concerning Rule 2211.

The retired NASD Rule 2210 incorporated the definitions of "Correspondence" and "Institutional Sales Material" from NASD Rule 2211. When FINRA adopted Rule

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<sup>13</sup> Securities Exchange Act Release No. 63150 (October 21, 2010), 75 FR 66173 (October 27, 2010) (SR-FINRA-2009-058).

<sup>14</sup> See Securities Exchange Act Release No. 66681 (March 29, 2012), 77 FR 20452 (April 4, 2012) (SR-FINRA-2011-035).

2210, both definitions were merged into the current rule and the references to Rule 2211 were removed. It follows, that the Exchange removes the reference Rule 2211 as such is no longer necessary.

The Exchange also proposes to delete Section 3(b) and re-letter current Section 3(c) as (b). Current Section 3(b) incorporates by reference NASD IM-2210-1 which, as explained, was merged into FINRA Rule 2210. Updating current Section 3(b) to incorporate FINRA Rule 2210 will make the section redundant. Therefore, Section 3(b) will be deleted as it is no longer necessary.

The Exchange proposes to delete General 9, Section 4(a) because Section 3(a) already incorporates by reference FINRA Rule 2210. Furthermore, the Exchange believes that the exception in current Section 4(a) concerning NASD Rule 2211(d)(3) does not need to be added to Nasdaq General 9, Section 3(a), because that provision is no longer referenced in FINRA Rule 2210.

The Exchange also proposes to adopt current Section 4(b)(1) as Section 3(c), with a minor change. New Section 3(c) will provide that references to FINRA “membership” will be construed as references to membership with the Exchange.

Finally, the Exchange proposes to adopt part of the text in current Section 4(b)(2) as Section 3(d). New Section 3(d) will omit references to FINRA Rule 2210 (as such incorporation is already provided in Section 3(a)) and will state that references to FINRA Rules 4512<sup>15</sup> and 3110<sup>16</sup> shall be read, respectively, as references to Nasdaq General 9, Section 45 and Section 20.

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<sup>15</sup> See Securities Exchange Act Release No. 63784 (January 27, 2011), 76 FR 5850 (February 2, 2011) (SR-FINRA-2010-052).



**Nasdaq General 9, Section 9. Fairness Opinions**

The Exchange proposes to update the NASD Rule 2290 reference in this rule and replace it with a reference to FINRA Rule 5150 (“Fairness Opinions”). The aforementioned NASD rule was relocated to FINRA Rule 5150 with no changes to the rule text.<sup>17</sup>

**Nasdaq General 9, Section 11. Best Execution and Interpositioning**

The Exchange proposes to update the NASD Rule 2440 and IM-2440 references in this rule and replace them with a reference to FINRA Rule 2121 and its supplementary material (“Fair Prices and Commissions”). FINRA Rule 2121 was adopted without any substantive changes to the NASD rule text.<sup>18</sup>

**Nasdaq General 9, Section 12. Customer Account Statements**

The Exchange proposes to update the NASD Rule 2340 reference in this rule and replace it with a reference to FINRA Rule 2231 (“Customer Account Statements”). FINRA Rule 2231 was adopted without any substantive changes to the NASD rule text.<sup>19</sup>

Moreover, the Exchange will update the references to NASD Rules 2810 and 3110 as shown in Section 12(b). Specifically, the Exchange will replace the reference to

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<sup>16</sup> See Securities Exchange Act Release No. 71179 (December 23, 2013), 79 FR 79542 (December 30, 2013) (SR-FINRA-2013-025).

<sup>17</sup> See Securities Exchange Act Release No. 58643 (September 25, 2008), 73 FR 57174 (October 1, 2008) (SR-FINRA-2008-028).

<sup>18</sup> See Securities Exchange Act Release No. 72208 (May 21, 2014), 79 FR 30675 (May 28, 2014) (SR-FINRA-2014-023).

<sup>19</sup> See Securities Exchange Act Release No. 85589 (April 10, 2019), 84 FR 15646 (April 16, 2019) (SR-FINRA-2019-009).

NASD Rule 2810 with FINRA Rule 2310 (“Direct Participation Programs”)<sup>20</sup> and NASD Rule 3110 with FINRA Rule 4512 (“Customer Account Information”). The Exchange also proposes to add back to Section 12(b) Nasdaq Rule 2310A<sup>21</sup> that is equivalent to current FINRA Rule 2310. This cross-reference was inadvertently removed from the rulebook by a recent relocation filing.<sup>22</sup> Finally, the Exchange proposes to replace the reference of General 9, Section 30 with Section 45, because it corresponds to FINRA Rule 4512.

Additionally, the Exchange proposes to amend Section 12(c) by replacing the reference to General 5, Section 2 with a reference to the Nasdaq Rule 9600 Series. The Exchange needs to make this correction because there is no Section 2 under the General 5 title.

#### **Nasdaq General 9, Section 13. Margin Disclosure Statement**

The Exchange proposes to update the NASD Rule 2341 reference in this rule and replace it with a reference to FINRA Rule 2264 (“Margin Disclosure Statement”). FINRA Rule 2264 was adopted with only minor changes to the text of NASD Rule 2341, and those changes were intended to clarify the submission of disclosure statements.<sup>23</sup>

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<sup>20</sup> See Securities Exchange Act Release No. 59987 (May 27, 2009), 74 FR 26902 (June 4, 2009) (SR-FINRA-2009-016).

<sup>21</sup> See Securities Exchange Act Release Nos. 61321 (January 8, 2010), 75 FR 3776 (January 22, 2010) (SR-NASDAQ-2010-002) and 61681 (March 10, 2010), 75 FR 12591 (March 16, 2010) (SR-NASDAQ-2010-033).

<sup>22</sup> See Securities Exchange Act Release No. 87778 (December 17, 2019), 84 FR 70590 (December 23, 2019) (SR-NASDAQ-2019-098).

<sup>23</sup> See Securities Exchange Act Release No. 60697 (September 21, 2009), 74 FR 49051 (September 25, 2009) (SR-FINRA-2009-052).

The Exchange also proposes to amend Section 13(b) by updating the reference to NASD Rule 3110 with FINRA Rule 4512<sup>24</sup> and the reference to General 9, Section 30 with Section 45, because it corresponds to FINRA Rule 4512.

**Nasdaq General 9, Section 16. Charges for Services Performed**

The Exchange proposes to update the NASD Rule 2430 reference in this rule and replace it with a reference to FINRA Rule 2122 (“Charges for Services Performed”). FINRA Rule 2122 was adopted without any substantive changes to the NASD rule text.<sup>25</sup>

**Nasdaq General 9, Section 17. Net Transactions with Customers**

The Exchange proposes to update the NASD Rule 2441 reference in this rule and replace it with a reference to FINRA Rule 2124 (“Net Transactions with Customers”). FINRA Rule 2124 was adopted without any substantive changes to the NASD rule text.<sup>26</sup> The Exchange also proposes to adopt a cross-reference to FINRA Rule 4511, which has a corresponding Exchange rule under General 9, Section 30. Moreover, the Exchange proposes to add a cross-reference to FINRA Rule 4512 and a reference to the corresponding Exchange rule under General 9, Section 45.

**Nasdaq General 9, Section 19. Discretionary Accounts**

The Exchange proposes to update the NASD Rule 2510 reference in this rule and replace it with a reference to FINRA Rule 3260 (“Discretionary Accounts”). FINRA Rule 3260 was adopted without any substantive changes to the NASD rule text.<sup>27</sup>

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<sup>24</sup> See supra note 15.

<sup>25</sup> See Securities Exchange Act Release No. 73714 (December 2, 2014), 79 FR 72743 (December 8, 2014) (SR-FINRA-2014-049).

<sup>26</sup> See supra note 11.

<sup>27</sup> See supra note 19.

Moreover, the Exchange will update the cross-references to NASD rules with their respective equivalent FINRA rules. Specifically, the Exchange will replace the NASD Rule 3010 reference with FINRA Rule 3110. Additionally, the Exchange will replace the NASD Rule 3110 reference with FINRA Rule 4512.<sup>28</sup> Finally, the Exchange proposes to replace the reference to General 9, Section 30 with Section 45, because it corresponds to FINRA Rule 4512.

**Nasdaq General 9, Section 21. Supervisory Control System and Section 22. Annual Certification of Compliance and Supervisory Processes**

The Exchange proposes to consolidate Sections 21 and 22 into one rule, Section 21 (“Supervisory Control System, Annual Certification of Compliance and Supervisory Processes”), as explained below. First, the Exchange proposes to update the NASD Rule 3012 reference in this rule and replace it with a reference to FINRA Rule 3120 (“Supervisory Control System”). FINRA Rule 3120 retained the former NASD rule’s testing and verification requirements for the member’s supervisory procedures and provided requirements for members reporting \$200 million or more in gross revenue.<sup>29</sup> The Exchange will also update the reference to Nasdaq Rule 3012, which was relocated to the Nasdaq shell as Nasdaq General 9, Section 21.<sup>30</sup>

Second, the Exchange will update the NASD Rule 3013 reference in Section 21(c) (“Annual Certification of Compliance and Supervisory Processes”) and replace it with a reference to FINRA Rule 3130 (“Annual Certification of Compliance and

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<sup>28</sup> See supra note 15.

<sup>29</sup> See supra note 16.

<sup>30</sup> See supra note 22.

Supervisory Processes”). FINRA Rule 3130 was adopted to streamline and combine the requirements of NASD Rule 3013 and IM-3013.<sup>31</sup>

Third, the Exchange will re-letter the next paragraph, currently lettered as “(b)” (“For purposes of this Rule...”), as “(d)”. In re-lettered Section (d)(2), as previously explained, the Exchange will update the reference to NASD Rule 3013 with FINRA Rule 3130, which shall be read as a reference to Exchange’s corresponding rule under General 9, Section 21. Similarly, the Exchange proposes to update the cross-reference to NASD Rule 2110 with FINRA Rule 2010. In 2008, NASD Rule 2110 was renumbered as FINRA Rule 2010 with no changes to the rule text.<sup>32</sup> Additionally, the Exchange will change the General 9, Section 3 reference with Section 1(a), because it corresponds to FINRA Rule 2010.

Finally, the Exchange will delete and reserve Current General 9, Section 22, since its sub-sections are duplicative of sub-sections in Section 21.

**Nasdaq General 9, Section 23. Outside Business Activities of an Associated Person**

The Exchange proposes to update the NASD Rule 3030 reference in this rule and replace it with a reference to FINRA Rule 3270 (“Outside Business Activities of Registered Persons”). FINRA Rule 3270 was adopted to harmonize and simplify the events that constitute an outside business activity, expanding upon the obligations imposed in NASD Rule 3030, by prohibiting any registered person from doing business with another person as a result of any business activity outside the scope of the

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<sup>31</sup> See Securities Exchange Act Release No. 58661 (September 26, 2008), 73 FR 57395 (October 2, 2008) (SR-FINRA-2008-030).

<sup>32</sup> See supra note 17.

relationship with his or her member firm, unless prior written notice was provided to the member.<sup>33</sup>

Moreover, the Exchange will update the cross-reference to NASD Rule 3040 with FINRA Rule 3280.<sup>34</sup> The Exchange proposes also to update the reference to General 9, Section 23 with Section 24 (“Private Securities Transactions of an Associated Person”), because it corresponds to FINRA Rule 3280.

**Nasdaq General 9, Section 24. Private Securities Transactions of an Associated Person**

The Exchange proposes to update the NASD Rule 3040 reference in this rule and replace it with a reference to FINRA Rule 3280 (“Private Securities Transactions of an Associated Person”). FINRA Rule 3280 was adopted without any substantive changes to the NASD rule text.<sup>35</sup>

The Exchange will also update the cross-reference to NASD Rule 3050 with FINRA Rule 3210.<sup>36</sup> The Exchange proposes also to update the reference to General 9, Section 24 with Section 25 (“Transactions for or by Associated Persons”), because it incorporates FINRA Rule 3210.

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<sup>33</sup> See Securities Exchange Act Release No. 62762 (August 23, 2010), 75 FR 53362 (August 31, 2010) (SR-FINRA-2009-042).

<sup>34</sup> See Securities Exchange Act Release No. 75757 (August 25, 2015), 80 FR 52530 (August 31, 2015) (SR-FINRA-2015-030).

<sup>35</sup> Id. See also Securities Exchange Act Release No. 80105 (February 24, 2017), 82 FR 12387 (March 2, 2017) (SR-FINRA-2017-004).

<sup>36</sup> See Securities Exchange Act Release No. 77550 (April 7, 2016), 81 FR 21924 (April 13, 2016) (SR-FINRA-2015-029).

Furthermore, the Exchange proposes to correct a typo in the quoted text of Nasdaq General 9, Section 24(b)(2). Specifically, the Exchange will substitute the word “immediately” with “immediate.”

Finally, the Exchange will replace a reference to NASD Rule 2790 with FINRA Rule 5130.<sup>37</sup> The definition of “immediate family member,” cross-referenced in General 9, Section 24(b)(2), is currently located under FINRA Rule 5130(i)(5).

**Nasdaq General 9, Section 25. Transactions for or by Associated Persons**

The Exchange proposes to update the NASD Rule 3050 reference in this rule and replace it with a reference to FINRA Rule 3210 (“Accounts At Other Broker-Dealers and Financial Institutions”). FINRA Rule 3210 was adopted to consolidate NASD Rule 3050, Incorporated NYSE Rules 407 and 407A, and Incorporated NYSE Rule Interpretations 407/01 and 407/02. The rule was designed to streamline the provisions of the NASD and incorporated NYSE rules and to help facilitate effective oversight of the specified trading activities of associated persons of member firms.<sup>38</sup>

**Nasdaq General 9, Section 31. Use of Information Obtained in Fiduciary Capacity**

The Exchange proposes to update the NASD Rule 3120 reference in this rule and replace it with a reference to FINRA Rule 2060 (“Use of Information Obtained in Fiduciary Capacity”). FINRA Rule 2060 was adopted without any changes to the NASD rule text.<sup>39</sup>

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<sup>37</sup> See Securities Exchange Act Release No. 58421 (August 25, 2008), 73 FR 51032 (August 29, 2008) (SR-FINRA-2008-025).

<sup>38</sup> See supra note 36.

<sup>39</sup> See Securities Exchange Act Release No. 61071 (November 30, 2009), 74 FR 64109 (December 7, 2009) (SR-FINRA-2009-067).

**Nasdaq General 9, Section 33. Reporting Requirements for Clearing Firms**

The Exchange proposes to update the NASD Rule 3150 reference in this rule and replace it with a reference to FINRA Rule 4540 (“Reporting Requirements for Clearing Firms”). FINRA Rule 4540 was adopted without any substantive changes to the NASD rule text.<sup>40</sup>

Furthermore, the Exchange proposes to amend Section 33(c)(1) by replacing the reference to General 5, Section 2 with a reference to the Nasdaq Rule 9600 Series. The Exchange needs to make this correction because there is no Section 2 under the General 5 title.

Finally, the Exchange proposes to update the reference to Nasdaq Rule 3150, which was relocated to the Nasdaq shell as Nasdaq General 9, Section 33.<sup>41</sup>

**Nasdaq General 9, Section 34. Extensions of Time Under Regulation T and SEC Rule 15c3-3**

The Exchange proposes to update the NASD Rule 3160 reference in this rule and replace it with a reference to FINRA Rule 4230 (“Required Submissions for Requests for Extensions of Time Under Regulation T and SEA Rule 15c3-3”). FINRA Rule 4230 was adopted largely based on the text of NASD Rule 3160, with a clarification to the original rule text regarding the reporting obligations of clearing members.<sup>42</sup>

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<sup>40</sup> See supra note 19.

<sup>41</sup> See supra note 22.

<sup>42</sup> See Securities Exchange Act Release No. 62482 (July 12, 2010), 75 FR 41562 (July 16, 2010) (SR-FINRA-2010-024).



The Exchange will also update the reference to Nasdaq Rule 3160, which was relocated to the Nasdaq shell as Nasdaq General 9, Section 34.<sup>43</sup>

**Nasdaq General 9, Section 38. Margin Requirements**

The Exchange proposes to update the NASD Rule 2520 reference in this rule and replace it with a reference to FINRA Rule 4210 (“Margin Requirements”). In 2010, NASD Rules 2520, 2521, 2522, and IM-2522 were combined and consolidated into a single rule intended to improve the organization of margin rules and improve their readability.<sup>44</sup>

The Exchange proposes also to amend Section 38(d) by replacing the reference to General 5, Section 2 with a reference to the Nasdaq Rule 9600 Series. The Exchange needs to make this correction because there is no Section 2 under the General 5 title.

**Nasdaq General 9, Section 45. Customer Account Information**

The Exchange proposes to update the NASD Rule 2510 reference in this rule and replace it with FINRA Rule 3260 (“Discretionary Accounts”). FINRA Rule 3260 was adopted without any changes to the original NASD rule text.<sup>45</sup>

The Exchange also proposes to delete from the rule the text that reads “(or any successor FINRA rule)” since the NASD rule is now relocated to FINRA Rule 3260. Finally, the Exchange will replace the General 9, Section 18 reference with Section 19 (“Discretionary Accounts”), because it corresponds to FINRA Rule 3260.

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<sup>43</sup> See supra note 22.

<sup>44</sup> See supra note 42.

<sup>45</sup> See supra note 19.

Moreover, the Exchange will update General 9, Section 45(b)(2) to provide that General 9, Section 29 is equivalent to FINRA Rule 2070. Finally, the Exchange proposes a minor correction in the rule by deleting the text that reads “and 28” that was inadvertently introduced during a recent rule relocation.<sup>46</sup>

**Nasdaq General 9, Section 47. Approval and Documentation of Changes in Account Name or Designation**

The Exchange proposes to update the NASD Rule 2510 reference in this rule and replace it with FINRA Rule 3260 (“Discretionary Accounts”). FINRA Rule 3260 was adopted without any changes to the original NASD rule text.<sup>47</sup> The Exchange also proposes to delete from the rule the text that reads “(or any successor FINRA rule)” since the NASD rule is now relocated to FINRA Rule 3260. Finally, the Exchange will replace the Exchange General 9, Section 18 reference with Section 19, because it corresponds to FINRA Rule 3260.

**Nasdaq General 9, Section 49. Payments Involving Publications that Influence the Market Price of a Security**

The Exchange proposes to update the NASD Rule 2711 reference in this rule and replace it with a reference to FINRA Rule 2241 (“Research Analysts and Research Reports”). Specifically, the research report’s definition referenced in General 9, Section 49(b)(3) was relocated to current FINRA Rule 2241(a)(11). That definition was amended to exclude communications concerning open-end registered investment companies not listed or traded on an exchange.<sup>48</sup>

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<sup>46</sup> See supra note 22.

<sup>47</sup> See supra note 19

<sup>48</sup> See Securities Exchange Act Release No. 75471 (July 16, 2015), 80 FR 43482 (July 22, 2015) (SR-FINRA-2014-047).

The Exchange also proposes to delete the paragraph at the end of the rule concerning the consolidation of FINRA rules, since FINRA has completed the relocation of its rules.

**Nasdaq Equity 7, Section 111. Nasdaq SIP: Nasdaq Level 1 Service**

The Exchange proposes to update the cross-reference to the FINRA 6600 Rule Series with a reference to FINRA 6400 Rules Series (“Quoting and Trading in OTC Equity Securities”).<sup>49</sup>

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>50</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>51</sup> in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest by bringing greater transparency to its rules by updating the references to the FINRA rules previously described. The Exchange’s proposal is consistent with the Act and will protect investors and the public interest by harmonizing its rules and clarifying outdated references so that Exchange members and the general public can readily locate FINRA rules that are incorporated by reference into the Rulebook.

The Exchange is not substantively amending its rules, except for the changes previously described to its Rule 3360 (the amendments to Rule 3360 are designed to harmonize the Exchange rule with the text in current FINRA Rule 4560). The reference

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<sup>49</sup> See supra note 10.

<sup>50</sup> 15 U.S.C. 78f(b).

<sup>51</sup> 15 U.S.C. 78f(b)(5).

and cross-reference updates, re-lettering, deleting unnecessary or duplicative text, consolidating certain Nasdaq rules, and other minor technical changes will bring greater transparency to Nasdaq's Rule structure. The Exchange believes its proposal will benefit investors and the general public by increasing the transparency of its Rulebook.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed amendments do not impose an undue burden on competition because the amendments to update the references and cross-references in its Rulebook are non-substantive, except for the changes previously described to its Rule 3360 (the amendments to Rule 3360 are designed to harmonize the Exchange rule with the text in current FINRA Rule 4560). . This rule change is intended to bring greater clarity to the Exchange's rules. The reference and cross-reference updates, re-lettering, deleting unnecessary or duplicative text, consolidating certain Nasdaq rules, and other minor technical changes will bring greater transparency to Nasdaq's Rulebook.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant

to Section 19(b)(3)(A)(iii) of the Act<sup>52</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>53</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2020-045 on the subject line.

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<sup>52</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>53</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2020-045. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NASDAQ-2020-045 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>54</sup>

J. Matthew DeLesDernier  
Assistant Secretary

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<sup>54</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

Deleted text is [bracketed]. New text is underlined.

**The Nasdaq Stock Market LLC Rules**

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**2830. Investment Company Securities**

(a) Nasdaq Members and their associated persons shall comply with [NASD]FINRA Rule [2830]2341 as if such Rule were part of Nasdaq's Rules.

(b) For purposes of this Rule:

(1) references to ["the Rules of the Association"]"FINRA rules" shall be construed as references to "the Nasdaq Rules"

(2) references to Rule [2820]2320 shall be deleted, and no comparable Nasdaq Rule shall apply to activities of Nasdaq Members in connection with contracts providing for benefits or values which may vary according to the investment experience of any separate or segregated account or accounts maintained by an insurance company,

(3) references to Rule [2420]2040 shall not be construed as a requirement that a Nasdaq member who is an underwriter of the securities of an investment company, directly or indirectly, pay any compensation, fees, concessions, discounts, commissions or other allowances to any person that is not registered as a broker-dealer under Section 15(a) of the Exchange Act but, by reason of receipt of any such payments and the activities related thereto, is required to be so registered under applicable federal securities laws and SEA rules and regulations; or any appropriately registered associated person unless such payment complies with all applicable federal securities laws, FINRA rules and SEA rules and regulations[ sell any such securities to a broker or dealer that is not a Nasdaq member at the same prices, for the same commission and fees, and on the same terms and conditions as are by such member accorded to the general public], and

(4) references to Rule [2230]2232 shall be construed as references to SEC Rule 10b-10.

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**3360. Short-Interest Reporting**

(a) To the extent such information is not otherwise reported to [the NASD]FINRA in conformance with [NASD]FINRA Rule [3360]4560, each member shall maintain a record of total "short" positions in all customer and proprietary firm accounts in all securities listed on Nasdaq and shall regularly report such information to Nasdaq in such a manner as may be prescribed by Nasdaq. [Reports shall be made as of the close



of the settlement date designated by Nasdaq. ]Reports shall be received by Nasdaq no later than the second business day after the reporting settlement date designated by Nasdaq.

(b) [For purposes of this Rule:

(1)]Members shall record and report all gross ["short["] positions [to be reported are those resulting from]existing in each individual firm or customer account, including the account of a broker-dealer, that resulted from (1) a "short sale[s]" as that term is defined in [SEC ]Rule 200(a) of SEC Regulation SHO, or (2) where the transaction(s) that caused the short position was marked "long," consistent with [the exception]SEC Regulation SHO, due to the firm's or the customer's net long position at the time of the transaction. Members shall report only those short positions [that meet the following requirements:]resulting from short sales that have settled or reached settlement date by the close of the reporting settlement date designated by Nasdaq.

(c[A]) The recording and reporting requirements of this Rule shall not apply to:

- (1) any sale by any person, for an account in which he has an interest, if such person owns the security sold and intends to deliver such security as soon as is possible without undue inconvenience or expense; and
- [(B) any sale of a security covered by a short sale rule on a national securities exchange (except a sale to a stabilizing bid complying with Rule 104 of Regulation M) effected with the approval of such exchange which is necessary to equalize the price of such security thereon with the current price of such security on another national securities exchange which is the principal exchange market for such security;
- (C) any sale of a security for a special arbitrage account by a person who then owns another security by virtue of which he is, or presently will be, entitled to acquire an equivalent number of securities of the same class as the securities sold; provided such sale, or the purchase with such sale offsets, is effected for the bona fide purpose of profiting from a current difference between the price of security sold and the security owned and that such right of acquisition was originally attached to or represented by another security or was issued to all the holders of any such of securities of the issuer;
- (D) any sale of a security registered on, or admitted to unlisted trading privileges on, a national securities exchange effected for a special international arbitrage account for the bona fide purpose of profiting from a current difference between the price of such security on a securities market not within or subject to the jurisdiction of the United States and on a securities market subject to the jurisdiction of the United States; provided the seller at the time of such sale knows or, by virtue of information currently received, has reasonable grounds to believe that an offer enabling him to

cover such sale is then available to him such foreign securities market and intends to accept such offer immediately; and]

(2[E]) any sale by an underwriter, or any member of a syndicate or group participating in the distribution of a security, in connection with an over-allotment of securities, or any lay-off sale by such a person in connection with a distribution of securities through rights or a standby underwriting commitment.

[(2) the term "customer" includes a broker-dealer.]

\* \* \* \* \*

#### **4200. Definitions**

(a) For purposes of the Rule 4000 Series, unless the context requires otherwise:

(1) No change.

(2) "Underwriting Activity Report" is a report provided by the Corporate Financing Department of FINRA in connection with a distribution of securities subject to SEC Rule 101 pursuant to [NASD]FINRA Rule [2710(b)(11)]5190 and includes forms that are submitted by members to comply with their notification obligations under Rules 4614, 4619, and [4623]4624.

(b) For purposes of Rules 4614, 4619, and [4623]4624, the following terms shall have the meanings as defined in SEC Rule 100: "affiliated purchaser," "distribution," "distribution participant," "independent bid," "net purchases," "passive market maker," "penalty bid," "reference security," "restricted period," "subject security," and "syndicate covering transaction."

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#### **6110. Definitions**

(a) – (f) No change.

(g) The terms "correspondent executing broker" and "clearing broker" shall also include, where appropriate, the Non-Member Clearing Organizations [and UTP Exchanges] listed in [NASD]FINRA Rule[s] [6120]7220A and their qualifying members.

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#### **11210. Sent by Each Party**

(a) – (b) No change.

(c) "DK" Procedures Using "Don't Know Notices" ([NASD]FINRA Form No. 101)

When a party to a transaction sends a comparison or confirmation of a trade, but does not receive a comparison or confirmation or a signed DK, from the contra-member by the close of one business day following the trade date of the transaction, the following procedure may be utilized.

(1) The confirming member shall send by certified mail, return receipt requested, or messenger, a "Don't Know Notice" on the form prescribed by [NASD]FINRA Rule 11210 to the contra-member in accordance with the directions contained thereon. If the notice is sent by certified mail the returned, signed receipt therefor must be retained by the confirming member and attached to the fourth copy of the "Don't Know Notice." If delivered by messenger, the fourth copy must immediately be dated and manually receipted by, and imprinted with the firm stamp of, the contra-member pursuant to the provisions of paragraph (c)(4) of this Rule, returned to the messenger and thereafter be retained by the confirming member.

(2) – (5) No change.

(d) No change.

\* \* \* \* \*

**IM-11710. Uniform Reclamation Form**

To Accompany Reclamations Subject to NSCC

Rules & Regulations of [NASD]FINRA — Uniform Practice Code

Nasdaq — Uniform Practice Code

RECLAIMED TO	Rec No.	Name of	Date Securities
		Receiver	Below Received

RECLAIMED BY	Del. No.	Name of	Date of Return
		Deliverer	

Quantity	Security	Amount
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Description  
 (certificate's can  
 be applied to  
 reverse side of

copy #1

Wrong Security

\_\_\_\_\_

Should Be

Carries Due Bill

Needs Signature

Guarantee

Needs Tax

Stamp

Release Power

of Attorney

Coupon Missing

Other Explanation

Wrong Money \_\_\_\_\_ Our

Money

Duplicates Delivery \_\_\_\_\_

You Delivered On

Wrong Settlement Date

\_\_\_\_\_

Our S/D

No Instructions

Needs Legal Opinion

Needs Better Account Date

Name of Person

Telephone Number

Extension

making

Reclamation

(Print)

ATTACH COPIES 1 & 2 TO CERTIFICATE - COPIES 3 & 4 ARE RETAINED BY DELIVERER

\* \* \* \* \*

**11860. Acceptance and Settlement of COD Orders**

(a) Nasdaq members shall comply with [NASD]FINRA Rule 11860 as if such Rule were part of Nasdaq's rules.

(b) Nasdaq and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of Nasdaq. Therefore, Nasdaq members are complying with Nasdaq Rule 11860 by complying with [NASD]FINRA Rule 11860 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under Nasdaq Rule 11860 are being performed by FINRA on behalf of Nasdaq.

### **11870. Customer Account Transfer Contracts**

(a) Nasdaq members shall comply with [NASD]FINRA Rule 11870 as if such Rule were part of Nasdaq's rules.

(b) Nasdaq and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of Nasdaq. Therefore, Nasdaq members are complying with Nasdaq Rule 11870 by complying with [NASD]FINRA Rule 11870 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under Nasdaq Rule 11870 are being performed by FINRA on behalf of Nasdaq.

(c) No change.

\* \* \* \* \*

### **General 1 General Provisions**

(a) No change.

(b) Unless the context otherwise requires:

(1) – (2) No change.

(3) The terms "Association" and "[NASD]FINRA" mean, collectively, the Financial Industry Regulatory Authority and its subsidiaries.

(4) – (11) No change.

(12) The term "[NASD]FINRA Regulation" means [NASD]FINRA Regulation, Inc.

(13) – (19) No change.

\* \* \* \* \*

### **General 2 Organization and Administration**

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**Section 5. Regulation of the Exchange and Its Members**

(a) – (b) No change.

(c) In addition, Nasdaq has incorporated by reference certain [NASD]FINRA rules. Nasdaq members shall comply with these rules and interpretations as if such rules and interpretations were part of Nasdaq's rules.

\* \* \* \* \*

**Section 7. Regulatory Independence**

In furtherance of the independence of Nasdaq's regulatory functions from its commercial operations, Nasdaq shall ensure that, unless it obtains prior Commission approval, the regulatory functions subject to the Regulatory Contract as in effect at the time when Nasdaq begins to operate as a national securities exchange shall at all times continue to be performed by [NASD]FINRA or an affiliate thereof or by another independent self-regulatory organization.

\* \* \* \* \*

**Section 15. Business Continuity Plans**

(a) Nasdaq Members shall comply with [NASD]FINRA Rule [3510]4370 as if such Rule were part of Nasdaq's Rules. Nasdaq and FINRA are parties to the Regulatory Contract Pursuant to which FINRA has agreed to perform certain functions on behalf of Nasdaq. Therefore, Nasdaq members are complying with this Rule by complying with [NASD]FINRA Rule [3510]4370 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under this Rule are being performed by FINRA on behalf of Nasdaq.

(b) For purposes of this rule references to Rule 4517 shall be construed as references to General 2, Section 16.

\* \* \* \* \*

**General 9 Regulation****Section 1. General Standards**

(a) – (b) No change.

**(c) Front Running Policy**

Nasdaq members and persons associated with a member shall comply with [NASD Interpretive Material 2110-3]FINRA Rule 5270 as if such Rule were part of Nasdaq's rules.

(d) – (e) No change.

**(f) Confirmation of Callable Common Stock.**

Exchange members and persons Nasdaq members and persons associated with a member shall comply with [NASD Interpretive Material 2110-6]FINRA Rule 2232 as if such Rule were part of the Nasdaq rules.

(g) – (i) No change.

\* \* \* \* \*

### **Section 3. Communications with the Public**

(a) Nasdaq members and persons associated with a member shall comply with FINRA Rule 2210 (except FINRA Rule 2210(c)) as if such Rule were part of Nasdaq's Rules. Nasdaq and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of Nasdaq. Therefore, Nasdaq members are complying with General 9, Section 3 by complying with FINRA Rule 2210 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under General 9, Section 3 are being performed by FINRA on Nasdaq's behalf.

[For purposes of this Rule, references to Rule 2211 shall be construed as references to Nasdaq Rule.]

[(b) Members and persons associated with a member shall comply with NASD Interpretive Material 2210-1 as if such Rule were part of Nasdaq's rules.]

[(c)b] Limitations on Use of the Exchange's Name. Members may indicate membership in Nasdaq in any communication with the public, provided that the communication complies with the applicable standards of General 9, Section 3 and neither states nor implies that Nasdaq, or any other corporate name or facility affiliated with Nasdaq, or any other regulatory organization, endorses, indemnifies, or guarantees the member's business practices, selling methods, the class or type of securities offered, or any specific security.

(c) references to a "FINRA membership" shall be construed as references to a "Nasdaq membership," and

(d) references to Rule 4512 shall be construed as references to General 9, Section 45, and references to Rule 3110 shall be construed as references to General 9, Section 20.

### **Section 4. [Institutional Sales Material and Correspondence]Reserved.**

[(a) Nasdaq Members and persons associated with a member shall comply with NASD Rule 2211 (except NASD Rule 2211(c) and (d)(3)) as if such Rule were part of Nasdaq's Rules.

(b) For purposes of this Rule:

(1) references to an "NASD member" shall be construed as references to a "Nasdaq member", and

(2) references to NASD Rules 2210 and Rule 3110 shall be construed as references to General 9, Sections 3 and 30, respectively, and references to Rule 3010(d) shall be construed as references to NASD Rule 3010(d), as incorporated into the Nasdaq Rules by General 9, Section 20.]

\* \* \* \* \*

### **Section 9. Fairness Opinions**

Nasdaq Members and persons associated with a member shall comply with [NASD]FINRA Rule [2290]5150 as if such Rule were part of Nasdaq's Rules.

\* \* \* \* \*

### **Section 11. Best Execution and Interpositioning**

(a) Nasdaq Members shall comply with FINRA Rule 5310 as if such Rule were part of Nasdaq's Rules.

For purposes of this Rule: (1) References to [NASD]FINRA Rule [2440 and IM-2440]2121 and its supplementary material shall be disregarded; (2) References to FINRA members shall be construed as references to Nasdaq members; and (3) References to FINRA shall be construed as references to Nasdaq.

### **Section 12. Customer Account Statements**

(a) Nasdaq Members shall comply with [NASD]FINRA Rule [2340]2231 as if such Rule were part of Nasdaq's Rules.

(b) For purposes of this Rule, references to Rule [2810]2310, Rule [3110]4512, and Rule 11860 shall be construed as references to Nasdaq Rule 2310A, General 9, Section [30]45, and Nasdaq Rule 11860.

(c) Pursuant to [General 5, Section 2]the Rule 9600 Series, Nasdaq may exempt any member from the provisions of this Rule for good cause shown.

### **Section 13. Margin Disclosure Statement**

(a) Nasdaq Members shall comply with [NASD]FINRA Rule [2341]2264 as if such Rule were part of Nasdaq's Rules.

(b) For purposes of this Rule, references to Rule [3110]4512 shall be construed as references to General 9, Section [30]45.

\* \* \* \* \*



**Section 16. Charges for Services Performed**

Nasdaq Members shall comply with [NASD]FINRA Rule [2430]2122 as if such Rule were part of Nasdaq's Rules.

**Section 17. Net Transactions with Customers**

(a) Nasdaq Members shall comply with [NASD]FINRA Rule [2441]2124 as if such Rule were part of the Nasdaq Rules.

(b) For purposes of this Rule, references to Rules [3110]4511 and 4512 shall be respectively construed as references to General 9, Sections 30 and 45.

\* \* \* \* \*

**Section 19. Discretionary Accounts**

(a) Nasdaq Members shall comply with [NASD]FINRA Rule [2510]3260 as if such Rule were part of Nasdaq's Rules.

(b) For purposes of applying this Rule, references to Rule [3010]3110 and Rule [3110]4512 shall be construed as references to General 9, Sections 20 and [30]45, respectively.

\* \* \* \* \*

**Section 21. Supervisory Control System, Annual Certification of Compliance, and Supervisory Processes**

(a) Members and persons associated with a member shall comply with [NASD]FINRA Rule [3012]3120 as if such Rule were part of Nasdaq's rules. Nasdaq and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of Nasdaq. Therefore, Nasdaq members are complying with Nasdaq [Rule 3012]General 9, Section 21 by complying with [NASD]FINRA Rule [3012]3120 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under General 9, Section 21 are being performed by FINRA on behalf of Nasdaq.

(b) For purposes of this Rule, references to "[NASD]FINRA Rules" shall be construed as references to "Nasdaq Rules".

(c) Annual Certification of Compliance and Supervisory Processes. Nasdaq Members and persons associated with a member shall comply with [NASD]FINRA Rule [3013]3130 as if such Rule were part of Nasdaq's Rules.

([b]d) For purposes of this Rule:

(1) references to "[NASD]FINRA Rules" shall be construed as references to "Nasdaq Rules",

(2) references to [NASD]FINRA Rule [3013]3130 and Rule [2110]2010 shall be construed as references to General 9, Section [22]21 and General 9, Section [3]1(a),

(3) references to "[NASD]FINRA members" shall be construed as references to "Nasdaq Members",

(4) references to "the [NASD]FINRA Board of Governors" shall be construed as references to "the Board of Directors of The Nasdaq Stock Market LLC", and

(5) No change.

**Section 22. Reserved.[Annual Certification of Compliance and Supervisory Processes**

(a) Nasdaq Members and persons associated with a member shall comply with NASD Rule 3013 as if such Rule were part of Nasdaq's Rules.

(b) For purposes of this Rule:

(1) references to "NASD Rules" shall be construed as references to "Nasdaq Rules",

(2) references to IM-3013 shall be construed as references to Nasdaq IM-3013, and

(3) references to "MSRB rules" shall be deleted.

(c) **Annual Compliance and Supervision Certification.** Nasdaq Members and persons associated with a member shall comply with NASD Interpretive Material IM-3013 as if such Rule were part of Nasdaq's Rules. For purposes of this Rule:

(1) references to "NASD Rules" shall be construed as references to "Nasdaq Rules",

(2) references to NASD Rule 3013 and Rule 2110 shall be construed as references to General 9, Sections 1 and 22,

(3) references to "NASD members" shall be construed as references to "Nasdaq Members",

(4) references to "the NASD Board of Governors" shall be construed as references to "the Board of Directors of The Nasdaq Stock Market LLC", and

(5) references to "MSRB rules" shall be deleted.]

**Section 23. Outside Business Activities of an Associated Person**

(a) Nasdaq Members and persons associated with a member shall comply with [NASD]FINRA Rule [3030]3270 as if such Rule were part of Nasdaq's Rules.

(b) For purposes of this Rule, references to Rule [3040]3280 shall be construed as references to General 9, Section [23]24.

#### **Section 24. Private Securities Transactions of an Associated Person**

(a) Nasdaq Members and persons associated with a member shall comply with [NASD]FINRA Rule [3040]3280 as if such Rule were part of Nasdaq's Rules.

(b) For purposes of this Rule:

(1) references to Rule [3050]3210 shall be construed as references to General 9, Section [24]25, and

(2) references to "immediate[ly] family members (as defined in Rule [2790]5130)" shall be construed to mean a person's parents, mother-in-law or father-in-law, spouse, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in-law, and children, and any other individual to whom the person provides material support.

#### **Section 25. Transactions for or by Associated Persons**

Nasdaq Members and persons associated with a member shall comply with [NASD]FINRA Rule [3050]3210 as if such Rule were part of Nasdaq's Rules.

\* \* \* \* \*

#### **Section 31. Use of Information Obtained in Fiduciary Capacity**

Nasdaq Members shall comply with [NASD]FINRA Rule [3120]2060 as if such Rule were part of Nasdaq's Rules.

\* \* \* \* \*

#### **Section 33. Reporting Requirements for Clearing Firms**

(a) Nasdaq Members shall comply with [NASD]FINRA Rule [3150]4540 as if such Rule were part of Nasdaq's Rules. Nasdaq and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of Nasdaq. Therefore, Nasdaq members are complying with [Nasdaq Rule 3150]General 9, Section 33 by complying with [NASD]FINRA Rule [3150]4540 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under [Nasdaq Rule 3150]General 9, Section 33 are being performed by FINRA on behalf of Nasdaq.

(b) No change.

(c) Exemptive Relief.

(1) Upon written request for exemptive relief pursuant to [General 5, Section 2]the Rule 9600 Series, Nasdaq generally will grant an exemption from the reporting requirements of [Rule 3150]General 9, Section 33 to a self-clearing firm that:

(A) – (C) No change.

(2) No change.

(3) Any self-clearing firm that, due to a change in the facts pertaining to the operation and nature of its business or the operation and nature of the business of a firm for which it clears, as applicable, no longer qualifies for an exemption previously granted by Nasdaq from the reporting requirements of [Rule 3150]General 9, Section 33 must promptly report such change in circumstances to Nasdaq and [NASD]FINRA, Department of Member Regulation, and commence compliance with the reporting requirements of [Rule 3150]General 9, Section 33.

### **Section 34. Extensions of Time Under Regulation T and SEC Rule 15c3-3**

A member designated to Nasdaq for oversight pursuant to SEC Rule 17d-1 shall comply with [NASD]FINRA Rule [3160]4230 as if such Rule were part of Nasdaq's Rules. Nasdaq and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of Nasdaq. Therefore, Nasdaq members are complying with [Nasdaq Rule 3160]General 9, Section 34 by complying with [NASD]FINRA Rule [3160]4230 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under [Nasdaq Rule 3160]General 9, Section 34 are being performed by FINRA on behalf of Nasdaq.

\* \* \* \* \*

### **Section 38. Margin Requirements**

(a) No change.

(b) A member designated to Nasdaq for oversight pursuant to SEC Rule 17d-1 shall comply with the initial and maintenance margin requirements of Regulation T and the [NASD]FINRA Rule [2520]4210 as if such Rules were part of Nasdaq's Rules.

(c) Nasdaq and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of Nasdaq. Therefore, Nasdaq members are complying with this Rule by complying with [NASD]FINRA Rule [2520]4210 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under this Rule are being performed by FINRA on Nasdaq's behalf.

(d) Pursuant to [General 5, Section 2]the Rule 9600 Series, Nasdaq may exempt any member from the requirements contained in paragraph (e)(3) of [NASD]FINRA Rule [2520]4210, as applied to Nasdaq members through this Rule, if the account

referenced in paragraph (e)(3) of [NASD]FINRA Rule [2520]4210 is confined exclusively to transactions and positions in exempted securities.

\* \* \* \* \*

#### **Section 45. Customer Account Information**

(a) No change.

(b) For purposes of this Rule:

(1) references to [NASD]Rule [2510]3260 [(or any successor FINRA rule) ]shall be construed as references to General 9, Section [18]19;

(2) references to Rules 2070, 2090, and 4512 shall be construed as references to General 9, Sections 29, 10, [and 28 ]and this Rule, respectively;

(3) – (4) No change.

\* \* \* \* \*

#### **Section 47. Approval and Documentation of Changes in Account Name or Designation**

(a) No change.

(b) For purposes of this Rule, references to [NASD]Rule [2510]3260 [(or any successor FINRA rule) ]shall be construed as references to General 9, Section [18]19.

\* \* \* \* \*

#### **Section 49. Payments Involving Publications that Influence the Market Price of a Security**

(a) No change.

(b) The prohibitions in paragraph (a) shall not apply to compensation paid to a person in connection with the publication or circulation of:

(1) – (2) No change.

(3) a research report, as that term is defined in [NASD]FINRA Rule [2711]2241.

[FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. If the provisions of NASD Rule 2711 are transferred into the FINRA rulebook, then Rule 2711 shall be construed to require Exchange members to comply with the FINRA rule corresponding to NASD Rule 2711 (regardless of whether such rule is renumbered or amended) as if such rule were part of the Rules of the Exchange.]

\* \* \* \* \*

**Equity 7 Pricing Schedule**

\* \* \* \* \*

**Section 111. Nasdaq SIP: Nasdaq Level 1 Service**

**(a)** The charge to be paid by the subscriber for each terminal receiving Nasdaq Level 1 Service is \$20 per month. This Service includes the following data:

**(1)** No change.

**(2)** last sale information on Nasdaq-listed securities; and Nasdaq Level 1 Service also includes inside/bid ask quotations calculated for securities quoted in the [NASD]FINRA's OTC Bulletin Board (OTCBB), individual quotations or indications of interest of broker/dealers utilizing the [NASD]FINRA's OTCBB service, and last sale information for securities classified as non-exchange listed securities under [the NASD]FINRA's [6600]6400 Rule Series. Pursuant to an OTCBB and OTC Equities Transfer and Services Agreement, [NASD]FINRA has outsourced the operation of the [NASD]FINRA's OTCBB service to Nasdaq.

**(b)** No change.

\* \* \* \* \*